

# LGIP

LOCAL GOVERNMENT INVESTMENT POOL

INVESTMENT CIRCULAR

June 30, 2003



Commonwealth of Virginia  
Department of the Treasury

Jody M. Wagner  
State Treasurer

**COMMONWEALTH OF VIRGINIA**  
**LOCAL GOVERNMENT INVESTMENT POOL**  
**“INVESTMENT CIRCULAR”**

**June 30, 2003**

**Jody M. Wagner**  
**State Treasurer**

**ADVISORY BOARD**  
**Treasury Board**  
**Commonwealth of Virginia**

**CUSTODIAN & SERVICING**  
**JPMorgan Chase Bank**

**INDEPENDENT AUDITORS**  
**Auditor of Public Accounts**  
**Commonwealth of Virginia**

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# OVERVIEW

## **PURPOSE**

The Local Government Investment Pool (LGIP) offers public entities of the Commonwealth of Virginia the opportunity to participate in a professionally managed diversified portfolio structured to meet the unique requirements of Virginia's "Investment of Public Funds" statutes. Within the framework of the Virginia statutes, the LGIP is structured to provide public entities an investment alternative that minimizes the risk of principal loss, while offering daily liquidity and a competitive rate of return. Through the LGIP, public finance officials can share in the benefits and advantages of large-scale institutional investment management provided by the Investment Division of the State Treasurer's office.

## **STATUTORY AUTHORITY**

The 1980 session of the Virginia General Assembly enacted the "Investment of Public Funds and Local Government Investment Pool Act", §§2.2-4600 through 2.2-4606 of the *Code of Virginia*, authorizing the Treasury Board to administer the LGIP for the benefit of public entities of the Commonwealth. As permitted by law, the Treasury Board has delegated the administrative aspects of managing the LGIP to the State Treasurer.

## **POLICY STATEMENT**

It is the policy of the LGIP management, pursuant to Treasury Board guidelines, to invest the LGIP assets in a manner which will seek the highest investment return consistent with the maximum preservation of principal; to manage the LGIP portfolio to meet the daily liquidity needs of participants; to ensure compliance with all Virginia statutes governing the investment of public funds; and to administer the LGIP in a manner which enables localities to comply with generally accepted accounting principles and the Governmental Accounting Standards Board's (GASB) reporting requirements. LGIP shares are offered exclusively and continuously to public entities of the Commonwealth.

The Treasury Board is committed to managing the LGIP in accordance with certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share. Although the LGIP cannot guarantee a \$1.00 share price, this goal is facilitated as follows:

1. The LGIP is managed in accordance with the "2a-7 like pool" risk limiting requirements of GASB Statement No. 31.
2. The portfolio securities are valued by the amortized cost method, and on a monthly basis this valuation is compared to current market to monitor any variance.
3. At the time of purchase, portfolio securities must have a remaining maturity of thirteen months or less.
4. The dollar weighted average maturity of the portfolio may not exceed 90 days.

5. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

## **YIELD INFORMATION**

The LGIP yield is updated daily and can be viewed on the LGIP page of Treasury's website at <http://www.trs.state.va.us/LGIP/LGIP.asp> or by calling the staff at (800) 643-7800 or (804) 786-1156. Yields are quoted net of the LGIP six basis point management and administration fee.

The "Daily Yield" refers to the income generated by your investment on that day expressed as an annual percentage. Both the 7-day Yield and the Average Monthly Yield reflect the same methodology—averaged over the applicable period.

The "Effective Yield" assumes that the income earned is reinvested on a monthly basis. It is slightly higher due to the effect of compounding.

## **NET ASSET VALUE (NAV)**

The NAV of the LGIP is determined at the close of each business day. It is calculated by adding the amortized cost value of all portfolio securities and other assets, deducting actual and accrued liabilities, and dividing by the number of units (shares) outstanding.

## **VALUATION**

The LGIP portfolio is valued by the amortized cost valuation technique, which does not take into account unrealized gains and losses. Registered money market funds are permitted to use this method of valuation pursuant to Rule 2a-7 of the Securities and Exchange Commission; provided, certain risk limiting conditions are met to minimize share price fluctuations. The LGIP adheres to these rules pursuant to its investment guidelines outlined in the "Investment Policy and Guidelines" section of this Circular.

The amortized cost valuation method values securities at their acquisition cost adjusted for amortization of premium or accretion of discount rather than at their value based on current market factors. While this method provides certainty of valuation, it may result in periods during which values as determined by amortized cost are higher or lower than the price the LGIP would receive if the individual securities were sold. To monitor the extent of any fluctuation, the LGIP portfolio is marked-to-market on a monthly basis and the market-based valuation is compared to the amortized cost valuation in accordance with procedures outlined in the "LGIP Investment Policy and Guidelines". Portfolio valuation oversight is also provided by the Treasury Board in their monthly review of the LGIP investment portfolio, which is presented at current market value compared to amortized cost.

## **ADVANTAGES**

The LGIP offers the public investor diversification, daily liquidity, and professional management; which provides greater liquidity and higher yields over time than would be obtained through individual investments of similar maturities. Through participation in the LGIP, public entities can take advantage of additional benefits:

1. *Convenience and Compliance* - Participants own shares of a diversified portfolio managed in compliance with Virginia's "Investment of Public Funds" and safekeeping statutes as well as required Governmental Accounting Standards Board reporting standards.
2. *Cash Management* - Same day liquidity permits flexibility and fine-tuning of cash management needs.
3. *Costs* – All administrative and management fees are deducted from the LGIP earnings accrual each day prior to distribution of the earnings to participants; therefore, fees are totally transparent to participants. (See Management Fees for fee calculation).
4. *Electronic Data Interchange (EDI)* - Direct investment of EDI payments from the State into the locality's LGIP account is permissible. This ensures immediate investment without the necessity of prior notification and eliminates the need and cost to wire funds to the LGIP. EDI information may be obtained online at [www.doa.state.va.us](http://www.doa.state.va.us).
5. *Online access to Account Information* – Account information can be viewed through a secure online web site.
6. *Statements* - Monthly statements include all transactions, the earnings rate, and the monthly dividend.
7. *Competitiveness* – The LGIP offers a competitive rate of return, which should enhance the rates offered to you on alternative investments.

## **PERFORMANCE**

The LGIP has consistently achieved its investment objective of providing investors with a high level of current investment income consistent with the constraints of its primary objective of preservation of principal. The following summary provides a 5-year yield comparison to the 91-Day U.S. Treasury Bill and all taxable institutional money market funds reporting to iMoneyNet, Inc. (formerly IBC Financial Data, Inc.) These are two widely accepted benchmarks used for money market fund comparisons.

## **5-YEAR AVERAGE ANNUALIZED YIELD COMPARISONS**

<u>Fiscal Year</u>	<u><b>LGIP</b></u>	<u>91-Day T-Bill<sup>1</sup></u>	<u>All Taxable Institutional MMFs<sup>2</sup></u>
2003	<b>1.50%</b>	1.32%	1.11%
2002	<b>2.66%</b>	2.17%	2.11%
2001	<b>5.91%</b>	5.27%	5.45%
2000	<b>5.71%</b>	5.38%	5.25%
1999	<b>5.20%</b>	4.59%	4.74%
<b>5-Year Average</b>	<b>4.20%</b>	<b>3.75%</b>	<b>3.73%</b>

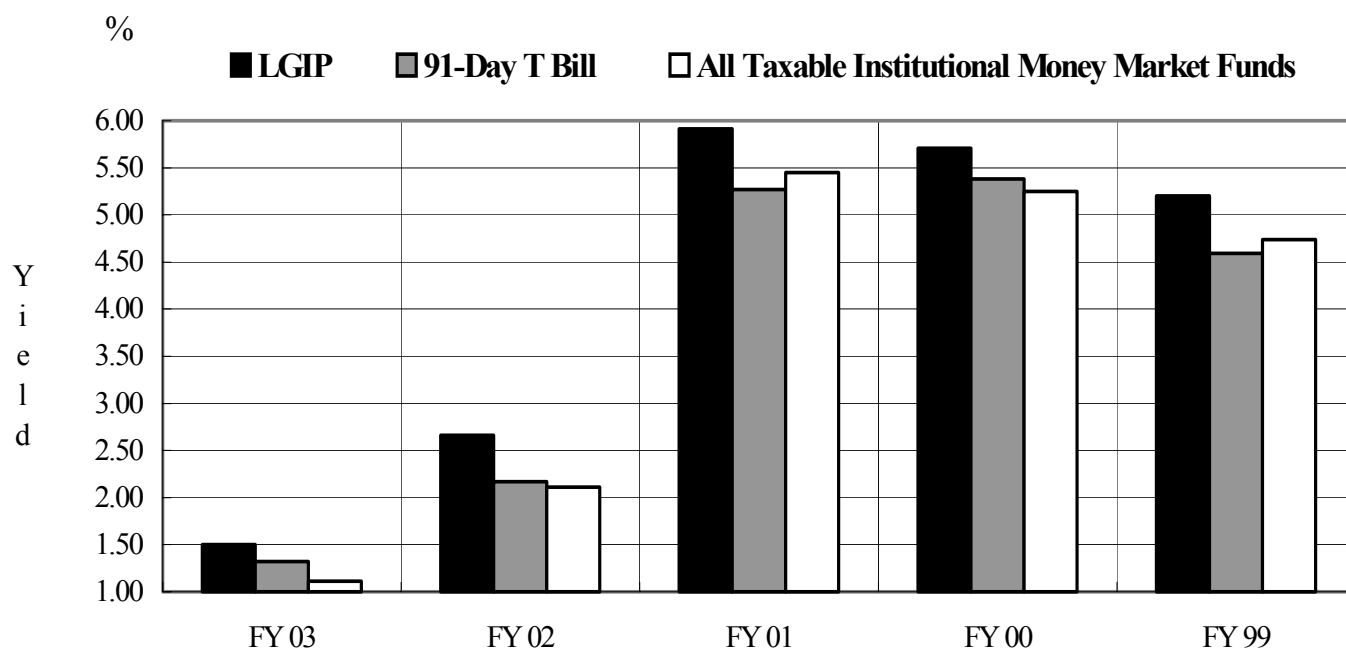
<sup>1</sup>Average US Govt. Bond Equivalent Yields for the secondary market calculated from the monthly Federal Reserve H.15 Release.

<sup>2</sup>Average monthly "Total Institutions-Only Average" Yields reported by iMoneyNet, Inc.

The monthly reinvestment of dividends results in an **effective yield** for each period as follows:

<u><b>LGIP</b></u>	<u><b>Effective Yield</b></u>
FY 03	1.51%
FY 02	2.70%
FY 01	6.07%
FY 00	5.86%
FY 99	5.32%

## **5-YEAR YIELD COMPARISON**



# INVESTMENT POLICY AND GUIDELINES

Adopted by the Treasury Board June 17, 1998  
(effective July 1, 1998)

## POLICY

It is the policy of the Treasury Board of the Commonwealth to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily liquidity needs of the LGIP and conforming to all state statutes governing the investment of public funds. Investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The LGIP is managed consistent with Securities Exchange Commission Rule 2a-7 money market fund requirements and in compliance with Statement No. 31 of the Governmental Accounting Standards Board definition of "2a-7 like pools".

## OBJECTIVES

The primary objectives, in priority order, of the LGIP investment activities shall be:

1. **Safety.** Safety of principal is the foremost objective. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.
2. **Liquidity.** The LGIP investment portfolio will remain sufficiently liquid to enable it to meet all operation requirements that might be reasonably anticipated.
3. **Return on Investment.** The LGIP investment portfolio shall be designed with the objective of attaining a market rate of return, taking into account its investment risk constraints and the cash flow characteristics of the Pool.

## AUTHORIZED INVESTMENTS AND CREDIT QUALITY

Authorized investments for public funds are set forth in the "Investment of Public Funds Act" of the *Code of Virginia* §§2.2-4500 through 2.2-4516. Within the permitted statutory framework, the Treasury Board limits the investment of LGIP assets to the following categories of securities and subject to the prescribed credit quality limitations at the time of purchase. In the event a security is downgraded to a level that ceases to meet the LGIP credit quality standards, the Department of the Treasury shall promptly reassess the security to determine what action, if any, will be in the best interest of the LGIP and its participants.

1. Obligations issued or guaranteed by the U. S. Government, an agency thereof, or U.S. Government sponsored corporation. These securities can be held directly, in the form of repurchase agreements collateralized by such debt securities, and in the form of a registered money market or mutual fund provided that the portfolio of the fund is limited to such evidences of indebtedness.
2. Repurchase Agreements collateralized by U. S. Treasury/agency securities. The collateral on overnight or one day repurchase agreements is required to be at least 100% of the value of the repurchase agreement. Longer-term repurchase agreements are required to have collateralization of over 100% and be marked to market on a regular basis. However, market



fluctuations could result in the value of the collateral increasing or decreasing between the valuation and published closing prices.

3. Non-Negotiable certificates of deposit and time deposits of Virginia banks and savings institutions federally insured to the maximum extent possible and collateralized under the Virginia Security for Public Deposits Act, Section 2.1-359 et seq. of the *Code of Virginia*.
4. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks. The issuing entity must be rated not lower than P-1 by Moody's Investment Services **and** A-1 by Standard and Poor's, Inc.
5. Banker's acceptances with major U. S. banks and domestic offices of international banks. The issuing entity must be rated not lower than P-1 by Moody's Investors Service **and** A-1 by Standard and Poor's Corporation.
6. Commercial paper issued by domestic corporations rated not lower than P-1 by Moody's Investors Service **and** A-1 by Standard & Poor's Corporation.
7. Short-term corporate notes of domestic corporations. Minimum rating requirements are Aa and AA or better by Moody's Investors Service **and** Standard & Poor's Corporation or short-term ratings of P-1 and A-1 respectively, whichever is applicable, including sub-categories or gradations indicating relative standing
8. Short-term taxable municipal obligations issued by state and local governments, their agencies and instrumentalities. Minimum rating requirements are Aa and AA or better by Moody's Investors Service **and** Standard & Poor's Corporation or short-term ratings of MIG 1/VMIG 1 and SP-1/A-1 respectively, whichever is applicable, including sub-categories or gradations indicating relative standing.

### **PROHIBITED INVESTMENTS OR ACTIONS**

1. Mortgage backed securities including CMOs, inverse floaters, IOs, POs, and Z-tranche securities, etc. Bloomberg's definition of CMOs will govern.
2. Adjustable rate securities whose interest rate reset provisions do not reasonably approximate par upon readjustment of their interest rates (e.g. inverse floaters, CMT floaters, capped floaters, COFI floaters, etc.)
3. Futures, options, options on futures, margin buying, leveraging, and commodities. Forward trades are permitted as long as they are procured during normal "when issued" periods for individual markets and as long as cash is reserved or a security will mature to cover the purchase.

### **DIVERSIFICATION**

The LGIP will diversify its investments by security type and by issuer consistent with the following guidelines:

1. The portfolio will be diversified with not more than 5% of the value of the LGIP assets invested in the securities of any single issuer. This limitation shall not apply to securities of the U. S. Government or agency thereof, government sponsored corporation securities, or fully insured and/or collateralized certificates of deposit.
2. The maximum percentage of the portfolio permitted in each eligible asset category is as follows:

U. S. Treasury and Agency Securities .....	100% maximum
Repurchase Agreements.....	50% maximum
Bankers Acceptances, Negotiable Certificates .....	40% maximum
of Deposit and/or Negotiable Bank Deposit Notes	
Commercial Paper.....	35% maximum
Non-Negotiable Certificates of Deposit.....	25% maximum
Corporate Notes and Bank Notes.....	25% maximum
Taxable Municipal Obligations.....	10% maximum

### **MATURITY LIMITATIONS**

The average dollar weighted maturity for the LGIP portfolio may not exceed 90 days, and the final maturity of any individual security may not exceed 397 days from the time of purchase.

### **AMORTIZED COST VS MARKET-BASED VALUATION**

The LGIP shall strive to maintain a stable asset value per share of \$1.00 using the amortized cost method of valuation. If the LGIP's current market-based net asset value per share should deviate from its amortized cost price per share by an amount exceeding  $\frac{1}{2}$  of 1 percent, the State Treasurer, Chairman of the Treasury Board, shall assess the situation and determine what action, if any, is in the best interest of the LGIP and its participants.

### **SECURITIES LENDING**

The LGIP will be permitted to participate in the Department of the Treasury securities lending program pursuant to the current policy and guidelines adopted by the Treasury Board.

### **REPORTING**

Summary investment information, including a copy of the LGIP investment portfolio at current market, is reported to the Treasury Board on a monthly basis. Additional information will be provided if deemed appropriate or if requested.

# **MANAGEMENT AND COMPLIANCE**

## **INVESTMENT MANAGEMENT**

The Treasury Board of the Commonwealth of Virginia serves as investment adviser to the LGIP. Authority is granted pursuant to §2.2-4602 of the *Code of Virginia*. The Treasury Board, created by §2.2-2415 of the *Code of Virginia*, consists of the State Treasurer (Chair), the Comptroller, the Tax Commissioner, and four citizen members appointed by the Governor. The Treasury Board has delegated administration of the LGIP to the State Treasurer, subject to approved policies and guidelines. The State Treasurer is responsible for the direct management of approximately \$6.0 billion in investments; the development of cash management policies; forecasting cash receipts and disbursements; procurement of statewide banking services, issuance and management of Commonwealth debt; protection of the employees and assets of the Commonwealth, including political subdivisions and constitutional officers; administration of the Security for Public Deposits Act; and administration of the Unclaimed Property Act and Escheat statutes. The State Treasurer also serves as a member of eleven State boards and authorities.

The State Treasurer's investment staff, subject to approved policies and guidelines issued by the Treasury Board, makes investment decisions for the LGIP and executes orders to buy and sell securities on behalf of the LGIP. The State Treasurer has contracted with JPMorgan Chase Bank to provide Master Custody for the Commonwealth, including custody and specialized mutual fund services for the LGIP.

## **MAINTENANCE OF CONSTANT SHARE PRICE**

Shares are purchased and redeemed at their NAV which, barring extraordinary circumstances, will maintain the constant price of \$1.00 per share. Management procedures used to facilitate this end include minimizing market and credit risks while maintaining sufficient liquidity through investments in short-term, high quality credits that can readily be converted into cash with limited price variation.

## **MANAGEMENT FEES**

Pool participants are charged an all-inclusive six basis points annual management fee, which is calculated daily and deducted from the daily earnings accrual prior to distribution to participants. For example, the annual fee for each \$1,000 invested in the LGIP is \$0.60. The fee is totally transparent to participants.

## **SAFEKEEPING POLICIES**

Established safekeeping policies of the LGIP ensure that securities purchased by the State Treasurer's staff are held in a manner that maximizes the State Treasurer's ability to maintain control over such securities at all times. All security transactions are delivery versus payment (DVP); i.e., the custody bank will not release the funds to pay for purchased securities until securities are delivered, regardless of settlement date. LGIP securities are required to be held in the LGIP's custody account and kept separate from all securities owned by the bank. The ownership and title to such securities remain vested in the Treasurer of Virginia, the legal custodian of the securities. LGIP securities are held in custody by the Global Custody Department of JPMorgan Chase Bank.

Repurchase Agreements are collateralized by U.S. Treasury and/or federal agency securities. A custodial bank holds the securities for the LGIP until the agreement(s) matures. Provisions of the repurchase agreement require the securities to be marked to market on a daily basis. At the time of pricing, market value must equal at least 102% of the repurchase agreement principal, plus accrued interest in the case of term repurchase agreements.

### **GASB STATEMENT NO. 3**

Pooled investment funds, like the LGIP, are recognized as an investment type under GASB Statement No. 3; which states that if a governmental entity invests in a Pool managed by another government, such as city monies in a State Treasurer's Investment Pool, no disclosure of the individual deposits and investments of the Pool nor disclosure of the credit risk category is required by the participating public entity. These disclosures are provided in the audited financial statements of the LGIP. Investment in the LGIP should be treated as an investment with a market value equal to the value of the entity's share of the Pool based on the Pool's valuation method. In the case of the LGIP the value would be the dollar value of the individual participant account as of the reporting date.

### **AUDIT AND COMPLIANCE**

The Virginia Auditor of Public Accounts examines the financial statements and per share data of the LGIP as of June 30 following the close of each fiscal year. The Auditor also assesses the accounting principles used and the management of the LGIP and evaluates the overall financial statement presentation. Based on the audit an opinion is issued. The audited financial statements and the Independent Auditor's Report are mailed to participants annually. The LGIP financial statements are issued in compliance with GASB Statement No. 31. In addition to the independent auditor's examination, the LGIP is included in the Department of the Treasury's internal audit plan.

The LGIP presents monthly performance data and portfolio market valuation to the Commonwealth Treasury Board for their review. Pricewaterhouse Coopers LLP has performed an Independent Type II Service Audit Report on the controls of JP Morgan Investor Services and Chase Global Funds Services Company (an affiliate of JPMorgan Chase Bank) applicable to the processing of transactions for the Fiduciary Operations. Pricewaterhouse Coopers issues a "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness relevant to Fiduciary Operations Supporting Retirement Services, Securities Services and Securities Lending Clients within the Global Institutional Services Organization" (the "SAS 70 Document") upon completion of their audit. The latest report is available upon request.

## PARTICIPANT INFORMATION

### OPENING AN ACCOUNT

Shares of the LGIP investment portfolio are offered on a continuous basis to public entities of the Commonwealth of Virginia. Requests can be accepted until **10:00 a.m.** on the date of investment or redemption; however, participants are urged to contact the LGIP on the prior business day whenever practical. An account can be opened with an initial investment of \$1,000. Subsequent investments or redemptions can be made in any amount. A public unit can open as many accounts as needed to simplify record keeping. A properly completed application indicating all individuals authorized to transact for the account must be received for each account before a redemption can be honored. Applications should be mailed to:

LGIP  
C/O Treasurer of Virginia  
Cash Management and Investments, 4th Floor  
P. O. Box 1879  
Richmond, VA 23218-1879

### HOW TO INVEST IN THE LGIP

Investments can be made through any of the following methods:

1. By Wire: Funds received by wire are invested for same day credit when the LGIP staff is **notified prior to 10:00 a.m.** on the date of investment. Investments are made on the assumption that the funds will be received and your LGIP account is automatically credited without waiting for the actual receipt of the funds. If unavoidable circumstances prevent the transfer of funds, it will be necessary for the LGIP to deduct the interest accrued for that date from the account's monthly dividend distribution. In the event this is necessary the participant will always be contacted to discuss the circumstances and a follow up letter outlining the details will be provided. **Advise the LGIP staff by 10:00 a.m. of your daily investment transactions by calling (800) 643-7800, (804) 225-3166 or from the Richmond area 786-1156.**

Instruct your bank to wire federal funds in the amount of your investment to:

Bank of America  
ABA #0260-0959-3  
For credit to LGIP  
Account #00000223-6801  
FBO: Your Account Name and/or  
LGIP Fund Number

2. By Mail: Checks drawn on your bank account should be made payable to the LGIP and mailed as follow:

ATTN: PROCESS IMMEDIATELY  
LGIP  
C/O Treasurer of Virginia  
Cash Management and Investments, 4th Floor  
P. O. Box 1879  
Richmond, Virginia 23218-1879

Please be aware that investment by check will delay credit to your account and the anticipated loss in earnings should be compared with the cost of a wire.

3. Direct Deposit: Arrangements can be made for EDI transfers of funds from the State to be directly invested into your LGIP account. Your account will be automatically credited on the transfer date and the normal telephone advice to the LGIP is not required. Additional information regarding such investments may be obtained by calling the LGIP or by visiting the Department of Accounts online at [www.doa.state.va.us](http://www.doa.state.va.us).

### **HOW TO REDEEM A LGIP INVESTMENT**

Redemptions can be made on any banking day. There are **no redemption fees or withdrawal penalties**; however, the LGIP must have a current authorization form on file before a redemption can be honored. All redemptions are executed by wire transfer to the pre-established instructions on file with the LGIP.

Redemption requests will be honored in accordance with the instructions provided on the official LGIP application. **Requests for an exception to this policy must be submitted in writing and signed by the “Authorized Public Official” whose signature appears on the application.** Please call our office if you have any questions regarding this policy or if you need to add additional repetitive wire transfer instructions to your current application.

A redemption request can be made by either of the following methods:

1. By Telephone: All redemption requests received by the LGIP staff **prior to 10:00 a.m.** will be processed the same day. Federal funds will be wired to your authorized bank for credit to your account. **Redemption requests received after 10:00 a.m. will be processed the following business day.** Telephone calls should be made to the LGIP at 1-800-643-7800, 804-225-3166 or within the Richmond area at 786-1156.

2. By Letter: Redemption requests by letter must indicate the amount of the redemption, the LGIP account name and number, the requested payment date, and proper wire instructions for the payment. Requests must be signed by “the Authorized Public Official” as indicated on the official application. Fax or mail the request to:

ATTN: PROCESS IMMEDIATELY  
LGIP  
C/O Treasurer of Virginia  
Cash Management & Investments, 4th Floor  
P. O. Box 1879  
Richmond, Virginia 23218-1879  
Fax: (804) 225-3478

### **TRANSACTION SIZE**

An account may be opened with an initial investment of \$1,000. Subsequent transactions are not restricted in size. Participants are encouraged, however, to consider the cost effectiveness of small transfers.

### **TRANSFERS BETWEEN ACCOUNTS**

Inter-fund transfers between LGIP accounts may be arranged. Contact the LGIP staff to request a transfer between accounts.

### **CHANGE OF AUTHORIZATION**

The LGIP application permits the "Authorized Public Official" to delegate authority to other individuals to act on their behalf in communicating transaction information to the LGIP. If there is a change in the status of any of the authorized individuals, it is the responsibility of the “Authorized Public Official” to immediately notify the State Treasurer’s LGIP staff. Maintaining up-to-date records prevents possible delays in transfers and ensures the integrity of the program.

### **CLOSING AN ACCOUNT**

Participants should contact LGIP staff for assistance in closing an account.

### **DIVIDENDS AND DISTRIBUTIONS**

Net investment income is declared daily as a dividend to each participant account. Daily dividends are accrued throughout the month and automatically reinvested in additional shares.

### **MONTHLY STATEMENTS**

Statements are mailed to Participants on a monthly basis. Participants have the option to consolidate accounts on one statement or receive individual statements. Statements contain the following information.

- *Average Monthly Yield* is an arithmetic average of the "Daily Yields" for the period.
- *Effective Yield* assumes reinvestment of the monthly dividend at the current "Average Monthly Yield." It is slightly higher due to the effect of monthly compounding.
- *Investment Account Summary* lists all individual accounts and balances as of the statement date.
- *Account Year-to-Date Summary* is the calendar year-to-date summary of all Investments, Redemptions and Dividends by account.
- *Transaction Detail* lists individual transactions during the month and the accompanying daily account balances in date order.

## **COMMUNICATION WITH PARTICIPANTS**

The LGIP strives to provide ongoing communication between LGIP management and participants to assist them in evaluating their investment decisions and to keep participants abreast of information relative to the operation of the LGIP. To enhance communication a quarterly newsletter is mailed or emailed to participants, summarizing investment guideline compliance and performance, and providing a discussion of current issues relating to the management of public funds in general and the LGIP in particular. In addition, a copy of the LGIP investment portfolio at market value and original cost is furnished quarterly and at any other time upon request.

The LGIP web page provides the daily and 7-day yield, an interactive copy of the LGIP application, the "Investment Circular," LGIP Audited Financial Statements, the latest copy of the LGIP Newsletter and a FAQ section. To visit the LGIP on the web, go to Treasury's home page <http://www.trs.state.va.us/>, scroll down and select the Local Government Investment Pool icon or go directly to the LGIP at <http://www.trs.state.va.us/lqip/lqip2.asp>.



## INVESTMENT PERSONNEL

**Gregory A. Schnitzler** is the Director of Cash Management and Investments for the Department of the Treasury and has been in this position since 1982. He is a Chartered Financial Analyst and earned his undergraduate and graduate degrees in finance from Pace University and St. John's University, respectively. Mr. Schnitzler is an adjunct professor of finance at Virginia Commonwealth University and is Vice-Chairman of the City of Richmond Retirement System.

**Margaret H. Layne** is the Chief Investment Officer for the Department of the Treasury and has been in this position since 1982. She manages the Commonwealth's General Account investment portfolio and is responsible for the daily investment operations of the department. She holds a Bachelor of Science degree in Accounting from Virginia Polytechnic Institute and State University and a Master of Science degree in Finance from Virginia Commonwealth University. Ms. Layne was awarded the Chartered Financial Analyst designation in 1986.

**Belinda W. Blanchard** is the LGIP Portfolio Manager and has managed the overall program since 1985. She is a Chartered Financial Analyst and earned her Master of Business Administration and Bachelor of Science degree in Business from Virginia Commonwealth University. Ms. Blanchard serves on the Board of Directors of the Virginia Credit Union.

**Kenneth P. VanAuken** is an Investment Accounting Manager and oversees the "Money" desk. He provides support to both the General Account portfolio manager and the LGIP program. He has been with the investment group since 1992 and has a Bachelor of Science degree in Economics from Virginia Commonwealth University.

**W. Sherrard Wright** is the LGIP Financial Accountant. He oversees shareholder services and monitors the daily fund accounting activities. Mr. Wright joined the investment group in September 2001 and brings a background of client service from his previous position at Charles Schwab where he was a NASD registered representative with Series 7 and 63 registrations. He holds a Bachelor of Science degree in Finance from Arizona State University.

**Laura M. Morefield** is an Investment Accounting Manager. She is responsible for assisting the portfolio managers in the daily investment process, investment reporting and compliance and provides support for the LGIP program. She has been with the investment group since 1999. She holds a Bachelor of Science degree in Finance from Virginia Commonwealth University and has completed all three levels of the Chartered Financial Analyst examination program.

# **DIRECTORY**

## **ADMINISTRATION**

Jody M. Wagner, State Treasurer  
J. Braxton Powell, Deputy State Treasurer

Members of the Treasury Board:

Jody M. Wagner, Chair  
K. David Boyer, Jr  
Kenneth N. Daniels, Ph.D.  
Palmer P. Garson  
David Von Moll, CPA  
Kenneth W. Thorson  
Wayne F. Wilbanks

## **CASH MANAGEMENT AND INVESTMENTS**

Gregory A. Schnitzler, CFA, Director  
Margaret H. Layne, CFA, Investment Officer  
Belinda W. Blanchard, CFA, LGIP Manager  
W. Sherrard Wright, LGIP Financial Accountant  
Kenneth P. Van Auken, Investment Accounting Manager  
Laura M. Morefield, Investment Accounting Manager

## **ADDRESS**

Street Address: Commonwealth of Virginia  
Department of the Treasury  
James Monroe Building  
101 North 14th Street, 4th Floor  
Richmond, Virginia 23219

Mailing Address: P. O. Box 1879  
Richmond, Virginia 23218-1879

Telephone Number: (800) 643-7800  
In Richmond 786-1156  
(804) 225-3166

Facsimile Number: (804) 225-3478

**SAMPLE**

**LGIP STATEMENT**

Commonwealth of Virginia  
State Treasurer, PO Box 1879  
Richmond, VA 23218-1879

650  
ABC COUNTY TREASURERS OFFICE  
GENERALFUND  
123 MAIN ST  
ABC VA 22222-2222

# LGIP

## Local Government Investment Pool

### Account Statement

August 1, 2003 through August 29, 2003

Dealer Address  
COUNTY OF ABC  
123 MAIN ST  
ABC VA 23601

DEALER NUMBER: ABCCO  
BRANCH NUMBER: 000000  
REP. NUMBER: HOUSE

ACCOUNT INFORMATION: 800-643-7800

Page 1 of 2

### Investment Account Summary

	Account Number	Total Shares	Share Price	Fund Value	% of Holdings
ABC COUNTY TREASURERS OFFICE GENERAL	6300000000	10,762,355.660	\$1.00	\$10,762,355.66	100.000/0
TOTAL VALUE				\$10,762,355.66	100.000/0

### Account Year-to-Date Summary

	Account Number	Investments	Redemptions	Dividends	Capital Gains
ABC COUNTY TREASLRERS OFFICE GENERAL FUND	6300000000	\$30,740,855.45	\$29,175,089.16	\$73,560.45	\$0.00
TOTAL VALUE		\$30,740,855.45	\$29,175,089.16	\$73,560.45	\$0.00

### Transaction Detail

Trade Date	Transaction	Dollar Amount	Price	Shares	Total Shares
	BALANCE FORWARD				12,534,756.190
08/04/03	REDEMPTION-WIRE	\$400,000.00-	\$1.00	400,000.000-	12,134,756.190
08/05/03	PURCHASE BY WIRE	\$91,098.37	\$1.00	91,098.370	12,225,054.560
08/06/03	PURCHASE BY WIRE	\$3,200.00	\$1.00	3,200.000	12,229,054.560
08/08/03	PURCHASE BY WIRE	\$2,574.16	\$1.00	2,574.160	12,231,628.720
08/11/03	PURCHASE BY WIRE	\$67,319.95	\$1.00	67,319.950	12,298,948.670
08/12/03	PURCHASE BY WIRE	\$792.50	\$1.00	792.500	12,299,741.170
08/13/03	PURCHASE BY WIRE	\$27,044.86	\$1.00	27,044.860	12,326,786.030

ABC COUNTY TREASURERS OFFICE  
GENERAL

ACCOUNT NUMBER: 6300000000

08/15/03

PURCHASE BY WIRE

\$1,273,482.52

\$1.00

1,273,482.520

13,600,268.550

# LGIP

## Local Government Investment Pool

### Account Statement

August 1, 2003 through August 29, 2003

ABC COUNTY TREASURERS OFFICE  
 GENERAL FUND  
 123 MAIN ST  
 ABC VA 22222-2222

Page 2 of 2

### Transaction Detail

Trade Date	Transaction	Dollar Amount	Price	Shares	Total Shares
08/18/03	PURCHASE BY WIRE	\$485.78	\$1.00	485.780	13,600,754.330
08/19/03	PURCHASE BY WIRE	\$18,213.35	\$1.00	18,213.350	13,618,967.680
08/22/03	PURCHASE BY WIRE	\$197,736.94	\$1.00	197,736.940	13,816,704.620
08/25/03	PURCHASE BY WIRE	\$12,781.21	\$1.00	12,781.210	13,829,485.830
08/26/03	REDEMPTION-WIRE	\$200,000.00-	\$1.00	200,000.000-	13,629,485.830
08/26/03	PURCHASE BY WIRE	\$6,601.66	\$1.00	6,601.660	13,636,087.490
08/28/03	REDEMPTION-WIRE	\$3,800,000.00-	\$1.00	3,800,000.000-	9,836,087.490
08/29/03	PURCHASE BY WIRE	\$1,415,016.41	\$1.00	1,415,016.410	11,251,103.900
08/29/03	REDEMPTION-WIRE	\$500,000.00-	\$1.00	500,000.000-	10,751,103.900
08/29/03	DIV REIN	\$11,251.76	\$1.00	11,251.760	10,762,355.660
	ENDING BALANCE	\$10,762,355.66	\$1.00		10,762,355.660

THE AVERAGE MONTHLY YIELD FOR AUGUST 2003 WAS 1.0467%.

THE EFFECTIVE MONTHLY YIELD FOR AUGUST 2003 WAS 1.0518%.

Application Form  
**LOCAL GOVERNMENT INVESTMENT POOL**

Commonwealth of Virginia  
Department of the Treasury  
P. O. Box 1879  
Richmond, Va 23218-1879  
Local (804) 786-1156 or (800) 643-7800  
Fax (804) 225-3478

<input type="checkbox"/> New Account	<input type="checkbox"/> Account Change	Date _____
Public Unit Name _____		
Account Name _____		
Mailing Address _____		
_____		
_____		
Telephone Number _____	Tax Identification Number _____	
Fax Number _____	E-mail address _____	

I, \_\_\_\_\_, \_\_\_\_\_  
Name & Title of Authorized Public Official (Type or Print) Signature

of \_\_\_\_\_, am the duly authorized public official charged with the duty of handling public funds for the aforementioned public unit. Pursuant to such authority, I am authorized to delegate and have delegated to the following persons the authority to communicate with the State Treasurer's office to advise of local decisions to deposit or withdraw funds from the Local Government Investment Pool, including myself:

- |                  |                  |
|------------------|------------------|
| 1. _____         | 2. _____         |
| _____<br>(Title) | _____<br>(Title) |

The State Treasurer's office is hereby authorized to make deposits or withdrawals from this public unit's account upon receipt of telephone instructions from the above named individual(s), who will identify themselves by name, public unit, and assigned identification number. Such individuals are authorized to act for this public unit until their authority is revoked by written notice to the State Treasurer's office, which notice will be effective upon receipt.

**WITHDRAWAL WIRE TRANSFER INSTRUCTIONS:**

I hereby authorize the Commonwealth of Virginia LGIP to act upon instructions received by telephone to have amounts withdrawn from my account in the LGIP and wired to the bank account designated below. **Exceptions to these instructions can only be accepted if requested in writing and signed by the above named "Authorized Public Official".**

1. Name of Bank \_\_\_\_\_  
ABA # \_\_\_\_\_ Account Number \_\_\_\_\_  
Account Name \_\_\_\_\_  
Bank Address \_\_\_\_\_
2. Name of Bank \_\_\_\_\_  
ABA # \_\_\_\_\_ Account Number \_\_\_\_\_  
Account Name \_\_\_\_\_  
Bank Address \_\_\_\_\_

